

470-4-5

CONFIDENTIAL

Approved For Release 2001/08/21 : CIA-RDP78B04747A001600010056-3

NPIC/P&DS/D/6-801
17 February 1966

MEMORANDUM FOR THE RECORD

SUBJECT: Multi-format Data Block Reader, Contract 4175, [REDACTED]
[REDACTED]

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1. On or about 24 January 1966, the Contract Monitor was informed by the contractor of a pending overrun of approximately [REDACTED] on the Multi-format Data Block Reader (DBR). This phoned information was a complete surprise to the monitor, since a technical visit to the contractor's plant just a week prior, gave no indication that funding was a problem. Additionally, the latest submitted progress report (Report #3, dated 28 December 1965) gave no indication of any funding shortage. In fact, at that date, the contractor was awaiting confirmation of funding for an engineering change amounting to [REDACTED]

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2. This effort (DBR) is a joint procurement with GIMRADA. They have not yet been advised of the overrun since the contract monitor has been awaiting official notification and details concerning the cause. The official letter was mailed to the contracting officer, [REDACTED] on 28 January 1966. He has not yet, for reasons of sick leave, advised the contract monitor of receipt of official notification. It is understood [REDACTED] who is assisting [REDACTED] during his absence, has just received his building clearances and will be contacting the contract monitor on this problem shortly.

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3. Further information from the contractor as of 15 February 1966 indicates that Phase I - wherein the overrun was incurred - will be out of funding by 28 February 1966. Phase I, including the engineering change, was to continue through 30 May 1966, at a cost of [REDACTED] including target cost and target fees. At this writing, it is not clear or understandable how the overrun was incurred, since the last fiscal status (30 November 65) indicated that only [REDACTED] had been expended, leaving a balance of [REDACTED]. Additionally, it cannot be explained how, at the previous rate of expenditure, the [REDACTED] will carry the program an additional three months to the contract completion date of Phase I.

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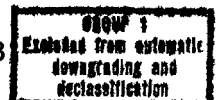
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4. Additionally, the contract engineer, [REDACTED] is leaving the company effective 25 February 1966. The contractor has asked for a meeting to be held in New York or here on 23 February 1966 to go over details of the program, the overrun, and assignment of a new program engineer (who is currently not cleared). The security office has been contacted advising them to cancel a submitted request for operational clearances for [REDACTED] and that a new engineer was being assigned for whom interim clearance was being requested.

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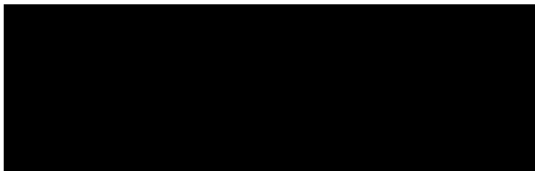


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5. The impact to the program is somewhat hard to determine at this time. However, there is bound to be a considerable time delay, since it is doubtful, if approved, that funding can be arranged in time to prevent interruption. The lack of even basic clearances for the new engineer will also create a slow-down.

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Distribution:

Original - Project File/DB (#998245)

1 - [REDACTED] TID

1 - [REDACTED]

1 - Chrono/DB

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